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<b>State:</b>	District of Columbia	<b>Filing Company:</b>	Vision Service Plan Insurance Company (CT)
<b>TOI/Sub-TOI:</b>	H20I Individual Health - Vision/H20I.000 Health - Vision		
<b>Product Name:</b>	DC Individual Plan rate		
<b>Project Name/Number:</b>	/		

## Filing at a Glance

Company:	Vision Service Plan Insurance Company (CT)
Product Name:	DC Individual Plan rate
State:	District of Columbia
TOI:	H20I Individual Health - Vision
Sub-TOI:	H20I.000 Health - Vision
Filing Type:	Rate
Date Submitted:	09/13/2013
SERFF Tr Num:	VSPN-129163020
SERFF Status:	Assigned
State Tr Num:	
State Status:	
Co Tr Num:	
Implementation	On Approval
Date Requested:	
Author(s):	Susanne Porter, Melissa Harris
Reviewer(s):	Darniece Shirley (primary), Alula Selassie, Donghan Xu
Disposition Date:	
Disposition Status:	
Implementation Date:	
State Filing Description:	

**State:** District of Columbia  
**TOI/Sub-TOI:** H201 Individual Health - Vision/H201.000 Health - Vision  
**Product Name:** DC Individual Plan rate  
**Project Name/Number:** /

**Filing Company:** Vision Service Plan Insurance Company (CT)

## General Information

Project Name: Status of Filing in Domicile:  
Project Number: Date Approved in Domicile:  
Requested Filing Mode: Informational Domicile Status Comments:  
Explanation for Combination/Other: Market Type: Individual  
Submission Type: New Submission Individual Market Type:  
Overall Rate Impact: Filing Status Changed: 09/18/2013  
State Status Changed:  
Deemer Date: Created By: Susanne Porter  
Submitted By: Susanne Porter Corresponding Filing Tracking Number:

Filing Description:

**\*\*Please see signed cover letter attached to the 'supporting documentation' tab\*\***

Enclosed for approval is a rate only filing for individual plan stand-alone vision care rates submitted on behalf of Vision Service Plan Insurance Company (NAIC #39616), 3333 Quality Drive, Rancho Cordova, Ca 95670. Rates, effective when approved, are for a limited scope vision plan and as an excepted benefit do not fall under PPACA regulation.

The initial rate submission was under SERFF VSPN-127316358 and received a 'closed-approved disposition' on 10/28/2011. The lead form number, VSP IND DC 0711 was approved 11/1/2011. Rates for this filing have not changed, however added to the rate sheet is optional 'add on' coverage to upgrade the frame allowance.

Included with this filing are the following:

- Actuarial Memorandum
- Individual Plan Rates

Please do not hesitate to contact me with any questions; I may be reached at (916) 851-4721 or via email at SusaPo@vsp.com.

## Company and Contact

### Filing Contact Information

Susanne Porter, Finance Specialist  
Vision Service Plan  
3333 Quality Drive (MS228)  
Rancho Cordova, CA 95670

susapo@vsp.com  
916-851-4721 [Phone]  
916-858-5388 [FAX]

### Filing Company Information

Vision Service Plan Insurance Company (CT)	CoCode: 39616	State of Domicile: Connecticut
3333 Quality Drive (MS163)	Group Code: 1189	Company Type: Accident and Health
Rancho Cordova, CA 95670	Group Name: Vision Service Plan	State ID Number:
(916) 851-4898 ext. [Phone]	FEIN Number: 06-1227840	

**State:** District of Columbia**Filing Company:** Vision Service Plan Insurance Company (CT)**TOI/Sub-TOI:** H2OI Individual Health - Vision/H2OI.000 Health - Vision**Product Name:** DC Individual Plan rate**Project Name/Number:** /

## Filing Fees

Fee Required? No

Retaliatory? No

Fee Explanation:

<b>State:</b>	District of Columbia	<b>Filing Company:</b>	Vision Service Plan Insurance Company (CT)
<b>TOI/Sub-TOI:</b>	H20I Individual Health - Vision/H20I.000 Health - Vision		
<b>Product Name:</b>	DC Individual Plan rate		
<b>Project Name/Number:</b>	/		

## Form Schedule

Lead Form Number: VSP IND DC 0711								
Item No.	Schedule Item Status	Form Name	Form Number	Form Type	Form Action	Action Specific Data	Readability Score	Attachments
1		Individual Vision Care Policy	VSP IND DC 0711	POL	Other	approved 11/1/2011		

### Form Type Legend:

<b>ADV</b>	Advertising	<b>AEF</b>	Application/Enrollment Form
<b>CER</b>	Certificate	<b>CERA</b>	Certificate Amendment, Insert Page, Endorsement or Rider
<b>DDP</b>	Data/Declaration Pages	<b>FND</b>	Funding Agreement (Annuity, Individual and Group)
<b>MTX</b>	Matrix	<b>NOC</b>	Notice of Coverage
<b>OTH</b>	Other	<b>OUT</b>	Outline of Coverage
<b>PJK</b>	Policy Jacket	<b>POL</b>	Policy/Contract/Fraternal Certificate
<b>POLA</b>	Policy/Contract/Fraternal Certificate: Amendment, Insert Page, Endorsement or Rider	<b>SCH</b>	Schedule Pages

<b>SERFF Tracking #:</b>	VSPN-129163020	<b>State Tracking #:</b>	<b>Company Tracking #:</b>
<b>State:</b>	District of Columbia	<b>Filing Company:</b>	Vision Service Plan Insurance Company (CT)
<b>TOI/Sub-TOI:</b>	H201 Individual Health - Vision/H201.000 Health - Vision		
<b>Product Name:</b>	DC Individual Plan rate		
<b>Project Name/Number:</b>	/		

## Rate Information

Rate data applies to filing.

<b>Filing Method:</b>	SERFF
<b>Rate Change Type:</b>	Neutral
<b>Overall Percentage of Last Rate Revision:</b>	%
<b>Effective Date of Last Rate Revision:</b>	
<b>Filing Method of Last Filing:</b>	SERFF

## Company Rate Information

<b>Company Name:</b>	<b>Overall % Indicated Change:</b>	<b>Overall % Rate Impact:</b>	<b>Written Premium Change for this Program:</b>	<b># of Policy Holders Affected for this Program:</b>	<b>Written Premium for this Program:</b>	<b>Maximum % Change (where req'd):</b>	<b>Minimum % Change (where req'd):</b>
Vision Service Plan Insurance Company (CT)	0.000%	0.000%	\$0	67	\$7,043	0.000%	0.000%

<b>State:</b>	District of Columbia	<b>Filing Company:</b>	Vision Service Plan Insurance Company (CT)
<b>TOI/Sub-TOI:</b>	H20I Individual Health - Vision/H20I.000 Health - Vision		
<b>Product Name:</b>	DC Individual Plan rate		
<b>Project Name/Number:</b>	/		

## Rate/Rule Schedule

Item No.	Schedule Item Status	Document Name	Affected Form Numbers (Separated with commas)	Rate Action	Rate Action Information	Attachments
1		DC IP rate 2013	VSP IND DC 0711	Other	Previous State Filing Number: SERFF trk# VSPN-127316358 Rate Action Other Explanation: Rates will not change, but the rate sheet now includes a optional add on upgrade to the frame allowance	DC 2013 IP rate.pdf,

INDIVIDUAL PLAN - RATES  
WASHINGTON D.C.  
Vision Service Plan Insurance Company

	ANNUAL PREMIUM	QUARTERLY PREMIUM	MONTHLY PREMIUM
Client	\$161.95	\$40.49	\$13.50
Client + 1	\$307.95	\$76.99	\$25.66
Client + Family	\$421.95	\$105.49	\$35.16

Optional 'Add On' Coverage Upgrade:

\$150 Retail Frame Allowance / \$150 Elective Contact Lens (ECL) Allowance 12%  
*Base plan rates increased by the above percentage*

DEFINITIONS

Elective Contact Lens (ECL) Allowance:

The maximum allowed or paid for elective contact lens related services on claims submitted by VSP member providers. ECL is a type of coverage that provides an allowance towards contact lenses. Patients may choose either eyeglasses or contact lenses, but not both.

Retail Frame Allowance:

The maximum retail amount allowed by the group for frame purchase.

<b>SERFF Tracking #:</b>	VSPN-129163020	<b>State Tracking #:</b>	<b>Company Tracking #:</b>
<b>State:</b>	District of Columbia	<b>Filing Company:</b>	Vision Service Plan Insurance Company (CT)
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## Supporting Document Schedules

<b>Satisfied - Item:</b>	Cover Letter All Filings
<b>Comments:</b>	
<b>Attachment(s):</b>	signed cover letter.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	
<b>Bypassed - Item:</b>	Certificate of Authority to File
<b>Bypass Reason:</b>	na This filing is not submitted by a third party.
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	
<b>Satisfied - Item:</b>	Actuarial Memorandum
<b>Comments:</b>	
<b>Attachment(s):</b>	DC-2013 IP AM.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	
<b>Bypassed - Item:</b>	Actuarial Justification
<b>Bypass Reason:</b>	na This filing is revising an existing rate sheet. Although the rates will not change, the rate sheet now includes an optional upgrade that the consumer can opt for.
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	
<b>Bypassed - Item:</b>	District of Columbia and Countrywide Loss Ratio Analysis (P&C)



<b>State:</b>	District of Columbia	<b>Filing Company:</b>	Vision Service Plan Insurance Company (CT)
<b>TOI/Sub-TOI:</b>	H20I Individual Health - Vision/H20I.000 Health - Vision		
<b>Product Name:</b>	DC Individual Plan rate		
<b>Project Name/Number:</b>	/		

<b>Bypass Reason:</b>	na- Not a P&C filing.  Company is licensed 'Accident & Health', and writes only vision coverage.
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	
<b>Bypassed - Item:</b>	District of Columbia and Countrywide Experience for the Last 5 Years (P&C)
<b>Bypass Reason:</b>	na- Not a P&C filing.  Company is licensed 'Accident & Health', and writes only vision coverage.
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	
<b>Bypassed - Item:</b>	Actuarial Memorandum and Certifications
<b>Bypass Reason:</b>	na Not a PPACA filing.
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	
<b>Bypassed - Item:</b>	Unified Rate Review Template
<b>Bypass Reason:</b>	na Not a PPACA filing.
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

September 5, 2013



The District of Columbia  
Department of Insurance, Securities and Banking  
810 First Street, NE, Suite 701  
Washington, DC 20002

Re: Rate Filing on behalf of Vision Service Plan Insurance Company

Dear Sir or Madam:

Enclosed for approval is a rate filing for individual plan stand-alone vision care rates submitted on behalf of Vision Service Plan Insurance Company (NAIC #39616), 3333 Quality Drive, Rancho Cordova, Ca 95670. Rates, effective when approved, are for a limited scope vision plan and as an excepted benefit do not fall under PPACA regulation.

The initial rate submission was under SERFF VSPN-127316358 and received a 'closed-approved disposition' on 10/28/2011. The lead form number, VSP IND DC 0711 was approved 11/1/2011. Rates for this filing have not changed, however added to the rate sheet is optional 'add on' coverage to upgrade the frame allowance.

Included with this filing are the following:

- Actuarial Memorandum
- Individual Plan Rates

Please do not hesitate to contact me with any questions; I may be reached at (916) 851-4721 or via email at [SusaPo@vsp.com](mailto:SusaPo@vsp.com).

Sincerely,

A handwritten signature in black ink, appearing to read 'Susanne Porter', is written over a large, stylized oval shape.

SUSANNE PORTER  
Financial Specialist

# THE KILBOURNE COMPANY

INDEPENDENT ACTUARIES

## FREDERICK W. KILBOURNE

Member, American Academy of Actuaries  
Member, American Society of Pension Actuaries  
Fellow, Canadian Institute of Actuaries  
Fellow, Casualty Actuarial Society  
Fellow, Conference of Consulting Actuaries  
Fellow, Society of Actuaries

15677-G Avenida Alcachofa  
San Diego, California 92128  
Telephone: 858-793-1300  
Telefax: 858-793-1307  
fred@thekilbournecompany.com  
TKC is a Member of NORACS

## DISTRICT OF COLUMBIA RATE FILING ACTUARIAL MEMORANDUM AND ACTUARIAL CERTIFICATION

This memorandum has been prepared to support the renewal rate filing for individual vision care policies submitted to the District of Columbia Department of Insurance by Vision Service Plan Insurance Company. It is intended to follow the requirements for an Actuarial Memorandum as set forth by the District of Columbia Department of Insurance, Securities and Banking.

I am a Fellow of the Society of Actuaries, and meet the “Qualification Standards of Actuarial Opinion” as adopted by the American Academy of Actuaries. In preparing this memorandum I have relied upon experience, and other data, provided by the company.

- A. Description: The policies offer vision care service and materials, including optometric (or other) exams, lenses (including contact lenses), and frames. The form number is: Individual Vision Care Policy – VSP IND DC 0711. In addition to the basic plan, which provides a \$120 frame/lens allowance, the plan now offers an optional plan with a \$150 frame/lens allowance. A copy of the policy form has been provided with this filing. The rates are intended to be effective 11-01-2013.
- B. Renewability Provision: Policies are optionally renewable.
- C. Applicability: Rates are applicable to all individual vision care policies to be written in the District of Columbia.
- D. Marketing Method: Policies are marketed directly by the company through agents as well as through the internet and brochure mailings.
- E. Underwriting Method: Underwriting guidelines have been provided with this memorandum in the document labeled “Underwriting Process”.
- F. Issue Age Limits: None. Age is not a rating factor for this coverage.
- G. Premium Basis: The proposed premium rates, which are shown in Exhibit A, are a continuation of the current rates. Experience for the past three years (ending June 30, 2013) is shown in Exhibit B on a national basis. This exhibit shows premium and claim amounts, as well as membership and claim counts. While average claim size has been decreasing, claim frequency and claim cost have been increasing. Based on the national experience, a claim cost trend rate of 3% was used to develop the trended average claim costs shown in Exhibit B. No explicit provision was made for a contingency margin, but a small provision has been included in the overall retention. The D.C.-specific data is still

very new, and reflects only 28 paid claims. It is expected that utilization will increase significantly as the business grows and matures. It is also expected that administrative costs will decrease in the coming year, as a percentage of premium, as volume increases. Based on the indications of the national data, and the limited claim cost experienced in the District of Columbia, continuation of the current rates appears to be supported.

- H. Nature of Rate Change: This is the first renewal rate filing, and reflects no change in the existing rates.
- I. Modifications: Not applicable.
- J. Comparison to Status Quo: Not applicable.
- K. Differences from Current Rates: None.
- L. Proposed New Rules: Not applicable.
- M. Impact: Not applicable.
- N. Minimum Required Loss Ratio: The target pure loss ratio is 60% for these optionally renewable (OR) policies. The 40% retention percentage includes all expenses, taxes, and a provision for contingencies. Retention components are: commission 15%; plan administration 12%; TPA fees 9%; Federal ACA tax 2%; and D. C. premium tax 2%. The 12% for plan administration is distributed as follows:
- Authorize benefits – 7%
  - Maintain doctor network – 9%
  - Manage resources – 13%
  - New business development – 16%
  - Customer service – 26%
  - Renew existing business – 29%
- O. Interest Rate Assumption: Because vision care claims are reported and paid very quickly, no discount factor has been used in the development of the premium rate.
- P. Trend Assumptions: The average claim cost assumes a 3% trend.
- Q. Persistency: No persistency assumption is used in developing the premium rates.
- R. Long Term Care Assumptions: Not applicable.
- S. Actuarial Certification: Based on the foregoing, and on my review of the proposed rates, to the best of my knowledge and judgment, rates have been developed in accordance with all applicable actuarial standards, including ASOP No. 8; the rate filing information is true, is in compliance with the applicable laws and regulations of the District of Columbia, and the premiums are reasonable in relation to the benefits provided.



Frederick W. Kilbourne

Member, American Academy of Actuaries

Fellow, Society of Actuaries

September 12, 2013

**INDIVIDUAL PLAN - RATES  
WASHINGTON D.C.**

**EXHIBIT A**

	ANNUAL PREMIUM	QUARTERLY PREMIUM	MONTHLY PREMIUM
Client	\$161.95	\$40.49	\$13.50
Client + 1	\$307.95	\$76.99	\$25.66
Client + Family	\$421.95	\$105.49	\$35.16

**Optional 'Add On' Coverage Upgrade:**

\$150 Retail Frame Allowance / \$150 Elective Contact Lens (ECL) Allowance

12%

***Base plan rates increased by the above percentage***

**DEFINITIONS**

Elective Contact Lens (ECL) Allowance:

The maximum allowed or paid for elective contact lens related services on claims submitted by VSP member providers. ECL is a type of coverage that provides an allowance towards contact lenses. Patients may choose either eyeglasses or contact lenses, but not both.

Retail Frame Allowance:

The maximum retail amount allowed by the group for frame purchase.

## EXHIBIT B

<b>Current</b>	
<b>Product</b>	<b>CHOICE</b>
<b>Plan</b>	<b>12/12/12 \$15/\$25</b>
<b>Retail Frame Allowance</b>	<b>\$120</b>
<b>Elective Contact Lens Allowance</b>	<b>\$120</b>

Time Period	# Subscribers @ 6/30/13	Member Months	Gross Premium	Retention	Claims \$	Loss Ratio	Claims #	Claim Frequency	Average Claim	Average Claim Cost	Trend	Trended Claim Cost	Contingency Margin %	Admin %	Monthly Indicated Rate
<b>National</b>															
7/1/10 - 6/30/11		5,767	\$100,368	\$41,571	\$54,050	54	510	88.4	\$105.98	\$9.37	3%	\$10.24	0%	41%	\$17.48
7/1/11 - 6/30/12		23,834	\$428,742	\$177,845	\$226,374	53	2,192	92.0	\$103.27	\$9.50	3%	\$10.08	0%	41%	\$17.22
7/1/12 - 6/30/13	13,802	98,285	\$1,626,264	\$678,236	\$963,286	59	9,657	98.3	\$99.75	\$9.80	3%	\$10.09	0%	42%	\$17.32
														<i>Annualized</i>	<i>\$207.81</i>
<b>Washington D.C.</b>															
7/1/12 - 6/30/13	67	487	\$7,043	\$2,960	\$2,867	41	28	57.5	\$102.38	\$5.89	3%	\$6.06	0%	42%	\$10.46
														<i>Annualized</i>	<i>\$125.49</i>

	CURRENT RATES		
	ANNUAL	QUARTERLY	MONTHLY
Member	\$161.95	\$40.49	\$13.50
Member +1	\$307.95	\$76.99	\$25.66
Member + Family	\$421.95	\$105.49	\$35.16

PROPOSED RATES		
<u>ANNUAL</u>	<u>QUARTERLY</u>	<u>MONTHLY</u>
\$161.95	\$40.49	\$13.50
\$307.95	\$76.99	\$25.66
\$421.95	\$105.49	\$35.16

<b><u>Estimated Distribution</u></b>	
90%	\$145.76
8%	\$24.64
<u>2%</u>	<u>\$8.44</u>
100%	\$178.83